

### REMARKS

Applicant intends this response to be a complete response to the Examiner's 14 March 2006 Non-Final Office Action. Applicant has labeled the paragraphs in his response to correspond to the paragraph labeling in the Office Action for the convenience of the Examiner.

#### *Notice to Applicant*

[1] This communication is in response to the patent application filed 7 November 2001. It is noted that this application benefits from Provisional Patent Application Serial No. 60/246,412 filed 7 November 2000.

#### *Claim Objections*

[2] Claims 19-22 are objected to because a claim, which depends from a dependent claim, should not be separated by any claim which does not also depend from said dependent claim. It should be kept in mind that a dependent claim may refer to any preceding independent claim. Appropriate correction is required. See MPEP § 608.01(n).

Applicants have amended the dependency of claims 19-22 to correct this problem and respectfully request withdrawal of these claims objections.

#### *Claim Rejections - 35 USC § 101 35 U.S.C. 101*

[3] Claims 1-23 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Under the statute, the claimed invention must fall into one of the four recognized statutory classes of invention, namely, a process (or method); a machine (or system); an article of manufacture; or a composition of matter.

The Examiner contends as follows:

[A] Claim 1 recites a series of method steps for "improving the completion rate of a court ordered payment plans" and accordingly appears to be directed toward a recognized statutory class of invention. However, upon further analysis, claim 1 appears to be directed to the abstract idea/concept of coupling an insurance product to a structured payment plan.

[B] Under the guidance of recent case law, the requirements of 35 U.S.C. 101 are met when "the practical application of the abstract idea produces a useful, concrete, and tangible result" (State Street Bank & Trust Co. vs. Signature Financial Group, Inc., 47 USPQ2d 1596, 1601-02 (Fed. Cir. 1998)). In general, coupling an insurance product to a payment plan or payments under a structured settlement plan is conceptually useful for providing failsafe protections that an insurance payout would cover debt payments in the event that the payor becomes unable to make the payments in the event of incapacitation, death, or unemployment.

[C] However, since the net result of the method step of claim 1 is merely the determination of financial, legal, or administrative rights and obligations of the parties involved, claim 1, as presently recited, does not appear to have a concrete result. In particular, it is unclear whether the claimed invention can be repeatable and predictable (and thus, concrete). Specifically, since it appears that the policy terms and obligations may fall prey to the subjectivity, demeanor, and execution of the parties involved as well as to the rulings of the court, the claimed method is not reliable and repeatable (i.e., concrete) with respect to the functional objective of improving the completion of payment plans.

[D] Further, the method of the present invention, in and of itself, as recited in claim 1 fails to have a tangible result. It is unclear how the abstract concept of coupling an insurance policy to a structured payment plan definitely produces a tangible result. The net result of the method steps of claim 1 is the aggregation of non-functional descriptive material, i.e., financial, legal, or administrative rights and obligations of the involved parties. Because the objective of "improving the completion rate of court ordered payment plans" as recited in the preamble of the claim is not necessarily met by the aggregation of contract terms, and further such contract terms are not tangibly embodied on any medium, the claimed invention fails to produce a tangible result.

[E] In light of the above, it is respectfully submitted that the claimed invention, although useful, does not have a tangible and concrete result, and thus fails to recite the practical application of an abstract idea to satisfy the requirements of 35 U.S.C. 101.

[F] Claims 2-8, when analyzed in the same manner described above with respect to claim 1, also fail to represent an active step towards a concrete and tangible result. Therefore, claims 2-8 are rejected under 35 U.S.C. 101 as being directed to non-statutory subject matter.

[G] Claims 9 and 16 when analyzed in the same manner as claim 1, also fail to produce a concrete and tangible result and therefore are rejected under 35 U.S.C. 101 as being directed to non-statutory subject matter. Additionally, both claims 9 and 16 contain the added limitation of "terminating the insurance product, when the plan is complete". This limitation further signifies the failure of the overall method to reliably produce a tangible result. Specifically, in the event that the payor satisfies the requirements of the court ordered structured settlement payment plan, the policy is simply terminated and the method of the claimed invention has not participated in any meaningful way to the completion of the plan.

[H] Claims 10-15 and 17-22, when analyzed in the same manner described above with respect to claims 9 and 16, also fail to represent an active step towards a concrete, and tangible result. Therefore, claims 10-15 and 17-22 are rejected under 35 U.S.C. 101 as being directed to non-statutory subject matter.

[I] Claim 23 is rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Under the statute, the claimed invention must fall into one of the four recognized statutory classes of invention, namely, a process (or method); a machine (or system); an article of manufacture; or a composition of matter. Claim 23 is not directed to a method, apparatus, or article of manufacture. Although directed to a system, claim 23 fails to recite any components

of a system, but rather recites a series of legal and contractual requirements outlining the terms of a structured settlement payment plan, including the above noted insurance provision. Therefore, claim 23 is rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Applicants have amended claims 1-22 to place them in a state that Applicants believe address the section 101 rejection as the independent claims are now cast as a method for administering court order plans that are coupled to an insurance product. Each independent method claims includes a set of well defined steps that either result in plan completion or failure. The coupled insurance product gives rise to method step designed to improve plan compliance by providing alternate payment formats if a debtor's situation falls within the confines of one of the coupled insurance product components. Applicants, therefore, respectfully request withdrawal of these section 101 rejections.

#### *Claim Rejections - 35 USC § 103*

[4] Claims 1-23 are rejected under 35 U.S.C. 103(a) as being unpatentable over Lloyd (United States Patent #4,876,648) in view of Ware (Ware, Robert C., IS. Insurance Sales. Indianapolis: Apr. 1986. Vol. 129, Iss. 4; pg. 92, 2pgs.), and further in view of examiner's Official Notice.

The Examiner contends a follows:

[A] As per claim 1, Lloyd teaches a method for improving the completion rate of a court ordered payment plans comprising the steps of: coupling an insurance product with the plan (Lloyd; col. 3, lines 64-68, and col. 4, lines 1-7), where the product includes: a life insurance component (Lloyd; col. 3, lines 64-68, and col. 4, lines 1-7), which provides funds in case of a payor's death during the term of the plan to repay an outstanding debt amount (Lloyd; col. 9, lines 43-58); a disability component (Lloyd; col. 7, lines 36-46), which provided funds in case of a payor's disability during the term of the plan to repay an outstanding debt amount (Lloyd; col. 9, lines 43-58); an unemployment component (Lloyd; col. 7, lines 36-46), which provided funds in case of a payor's unemployment during the term of the plan to repay an outstanding debt amount (Lloyd; col. 9, lines 43-58, and col. 10, lines 32-41); and a premium (Lloyd; col. 6, lines 40-58).

[i] Although Lloyd establishes a debt amount (Lloyd; col. 6, lines 40-49), clearly identifies a payor and a payee (Lloyd; col. 3, lines 44-55), determines a term in months for paying the debt amount (Lloyd; col. 6, lines 40-49, and col. 9, lines 10-22), and a schedule of debt payments to repay the debt during the term (Lloyd; col. 6, lines 40-49, and col. 9, lines 10-22), the invention of Lloyd is directed to securing a mortgage associated debt with an insurance policy. However, the invention of Lloyd would be beneficial to any term oriented

repayment of debt in which a debt amount is established with an associated installment plan for repayment, such as a court ordered or overseen structured settlement.

(ii) Official Notice is taken by the examiner that typical court proceedings for cases in which a debtor qualifies for bankruptcy, be it Chapter 13 or other, would serve to fulfill the limitations of establishing a plan to be overseen by a court or other judicial or quasi-judicial body, where the plan includes: a clearly identifiable payor and at least one clearly identifiable payee; a debt amount to be covered by the plan; a term in month for paying the debt amount; and a schedule of debt payments designed to repay the debt amount during the term. Typical bankruptcy proceedings result in a similar repayment plan. As is noted by Ware, it is common practice and well known in the art to utilize a life insurance policy to add structure to or secure a settlement (i.e., structured settlement) between a plaintiff and a defendant (Ware: Abstract).

(iii) It would have been obvious to one of ordinary skill in the art at the time the invention was made to have combined the teachings of Lloyd with the court ordered structured settlement plans that are typically the result of a bankruptcy proceeding. A typical bankruptcy proceeding would serve to clearly identify a payor and a payee, determine the debt owed and terms for repayment of the debt. The motivation to combine would have been to protect the lender/creditor in the event that the debtor dies, becomes disabled, or is unemployed before the loan (debt) is retired (Lloyd; col. 9, lines 42-58, and col. 7, lines 36-46).

[B] As per claim 2, Lloyd teaches the step of: terminating the insurance product, when the plan is complete (Lloyd; col. 9, lines 10-22).

[C] As per claim 3, Lloyd teaches the unemployment component activates only if the payor becomes unemployed through no fault of the payor during the term of the plan (Lloyd; col. 7, lines 36-46, and col. 9, lines 42-51).

[D] As per claim 4, the examiner is taking Official Notice that it is common and well known in the art that unsecured debt is often bundled as a result of a bankruptcy proceeding (Chapter 13 or other). Further, it is common practice and well known in the art that creditors with an outstanding, unsecured debt that becomes bundled are paid a pro rata share of payments. Further, in cases of bankruptcy, a trustee, i.e., a person or agency overseeing the plan often handles the receiving and distribution of funds to ensure that proceeds of each component are disbursed to all qualified creditors of the payor.

[E] As per claim 5, Lloyd teaches the premium comprises a single product payment or a plurality of product payments having the same or different product payment amount during the term of the plan (Lloyd; col. 25, lines 44-57).

[F] As per claim 6, Lloyd teaches wherein the product payments comprise equal monthly payments (Lloyd; col. 24, lines 5-16).

[G] As per claim 7, Lloyd teaches that the product payments start at an initial amount and decrease at a rate proportional to the outstanding debt amount (Lloyd;

col. 25, lines 48-58).

[H] As per claim 8, Lloyd teaches the product payments start at an initial amount and increase at a rate proportional to the outstanding debt amount (Lloyd; col. 25, lines 48-58).

[I] Claim 9 differs from method claim 1 by reciting "Chapter 13 Bankruptcy Reorganization Plan" within its preamble, and further reciting "establishing a Chapter 13 Bankruptcy Reorganization Plan" as an initial limitation to the claim. As per this element the examiner is taking Official Notice that should a court determine that a debtor qualifies for a Chapter 13 Bankruptcy, that the result of the proceedings would typically be comparable to the structured settlement plan reached in proceedings leading to the structured settlement payment plan of claim 1.

[i] Claim 9 further differs from claim 1 by the added limitation of "terminating the insurance product when the plan is complete". This limitation is rejected on the same grounds as claim 2 above (see analysis claim 2).

[ii] The remainder of claim 9 repeats the same limitations of method claim 1, and is therefore rejected for the same reasons given for those claims.

[J] As per claim 10, Lloyd teaches wherein the unemployment component activates only if the debtor becomes unemployed through no fault of the debtor during the term of the plan (Lloyd; col. 7, lines 36-46, and col. 9, lines 45-51).

[K] As per claim 11, the examiner is taking Official Notice that it is common and well known in the art that unsecured debt is often bundled as a result of a bankruptcy proceeding (Chapter 13 or other). Further, it is common practice and well known in the art that creditors with an outstanding, unsecured debt that becomes bundled are paid a pro rata share of payments. Further, in cases of bankruptcy, a trustee, i.e., a person or agency overseeing the plan often handles the receiving and distribution of funds to ensure that proceeds of each component are disbursed to all qualified creditors of the payor.

[L] As per claim 12, Lloyd teaches wherein the premium comprise a single product payment or a plurality of product payments having the same or different product payment amount during the term of the plan (Lloyd; col. 25, lines 44-57).

[M] As per claim 13, Lloyd teaches wherein the product payments comprise equal monthly payments (Lloyd; col. 24, lines 5-16).

[N] As per claim 14, Lloyd teaches wherein the product payments start at an initial amount and decrease at a rate proportional to the outstanding debt amount (Lloyd; col. 25, lines 48-58).

[O] As per claim 15, Lloyd teaches wherein the product payments start at an initial amount and increase at a rate proportional to the outstanding debt amount (Lloyd; col. 25, lines 48-58).

[P] Claim 16 differs from method claim 9 by adding the following limitations which are taught by Lloyd: activating the life insurance component of the product, if the debtor dies during the term of the plan (Lloyd; col. 3, lines 64-68, col. 4, lines 1-7, col. 9, lines 43-58); activating the unemployment component of the product, if the debtor becomes unemployed during the term of the plan (Lloyd; col. 7, lines 36-46, col. 9, lines 43-58, and col. 10, lines 32-41), until the debtor becomes re-

employed and able to resume plan payments or the plan is completed (Lloyd; col. 10, lines 32-41); activating the disability component of the product, if the debtor becomes disabled during the term of the plan until the debtor becomes enabled (Lloyd; col. 7, lines 36-46, col. 9, lines 43-58), re-employed and able to resume plan payments or the plan is completed (Lloyd; col. 10, lines 32-41).

[i] The remainder of claim 16 repeats the same limitations of method claim 9, and is therefore rejected for the same reasons given for claim 9.

[Q] As per claim 17, Lloyd teaches wherein the unemployment component activates only if the debtor becomes unemployed through no fault of the debtor (Lloyd; col. 7, lines 36-46, and col. 9, lines 42-51).

[R] As per claim 18, the examiner is taking Official Notice that it is common and well known in the art that unsecured debt is often bundled as a result of a bankruptcy proceeding (Chapter 13 or other). Further, it is common practice and well known in the art that creditors with an outstanding, unsecured debt that becomes bundled are paid a pro rata share of payments. Further, in cases of bankruptcy, a trustee, i.e., a person or agency overseeing the plan often handles the receiving and distribution of funds to ensure that proceeds of each component are used as if the payment was coming directly from the debtor.

[S] Claims 19-22 do not differ from claims 12-15 and are accordingly rejected for the same reasons given for claims 12-15.

[T] Claim 23 differs from method claim 1 by the additional limitation of a provision for creditor bundling so that funds from the insurance product once activated are distributed according to the Chapter 13 Bankruptcy Reorganization Plan. However, this limitation is rejected under the same analysis as applied to claims 9 and 11.

[i] The remainder of claim 23 repeats the same limitations of method claim 1, and is therefore rejected for the same reasons given for that claim.

Applicants have amended the independent method claims to add a paying step and a repeating step or to add other steps to distinguish the method from the prior art. First, Lloyd is a mortgage instrument that may include an insurance product. Second, the unemployment and disability components are optional. In the present case, the three components are required. Each component is designed to improve the completion of court ordered plans. The combined teaching of Lloyd and Ware, relate either to mortgages, where insurance components have oft been used or insurance products with settlements between adversaries. However, the combination does not disclose, teach or even suggest the inclusion of such instruments into a court ordered plan. The coupling of a court ordered payment plan and an insurance product is not at all set in the combined teaching. Only after the fact, can the Examiner now rely on these two reference to suggest obviousness. However, there is no mention in either of these document that such insurance products

could be coupled to court ordered payment plans to improve completion of the plans. Another difference between the Lloyd teaching and the current claims, is that the unemployment and disability components do not have a timer associated with them where they are no longer viable for payment of monies due under the plan. In Lloyd, these benefits have only a 1 year term:

At 102, a "No" response then causes a prompt as follows: "Check Borrower's Mortgage Unemployment Insurance" at 104. A unique feature of the system mortgage plan, insures the borrower against missing his or her monthly interest changes and tax installments for a period up to 12 months through termination of employment. This provision is an insured program. The system 10 checks that the premium is paid and the beneficiary is current (the mortgagee). It also finds the payor of the premium and credits the premium when it is paid to the insurer.

US4876648 at Col. 36, ll. 17-25.

Thus, the combined teaching of Lloyd and Ware did not contemplate product components designed to complete a court ordered plan completion. The combination of Lloyd and Ware relate only to traditional insurance instruments that are not tailored to court ordered plan because the combination never envisioned the use of such instruments to improve completion of court ordered plans.

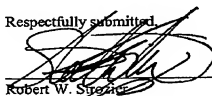
Because the combination of Lloyd and Ware does not disclose, teach or even suggest coupling an well tailored insurance product with a court ordered plan, the combination cannot render obvious the present invention without knowledge of the present invention, an impermissible use of hindsight, Applicant, therefore, respectfully request withdrawal of these 103(a) rejections.

**The Commissioner is authorized to charge deposit account 501518 for any claim charges or other fees that may be assessed this application as a result of this response or credit the account for any overpayment or reimbursement due this application.**

If it would be of assistance in resolving any issues in this application, the Examiner is kindly invited to contact applicant's attorney Robert W. Strozier at 713.977.7000

Date: June 2, 2006

Respectfully submitted,

  
Robert W. Strozier  
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